

Communication on Progress

banknorwegian 

Background

Bank Norwegian started its operations in November 2007 and offers instalment loans, credit cards and deposit accounts to retail customers distributed through the Internet in the Nordic market.

Bank Norwegian works actively to contribute to economic, environmental and social progress with a focus on achieving sustainable development and help customers achieve their ambitions in a sustainable society. The Bank considers the environment, social conditions, corporate governance and ethical standards in all its activities.

The Bank shall not operate in a way that is harmful to people, the society or environment, and thereby support long-term social and ecological balance. The Bank shall not contribute to the infringement of human or labour rights, corruption, serious environmental harm or other actions that could be regarded as highly unethical.

Statement of continued support by the Chief Executive Officer

Bank Norwegian wishes to promote sustainable development and long-term value creation through responsible business operations. We will continue to support the United Nations (UN) Global Compact and are committed to making the UN Global Compact and its principles part of the strategy, culture and daily operations of our company.

The ten fundamental principles of the UN Global Compact in the areas of human rights, labour standards, the environment and anti-corruption play a vital role in our corporate social responsibility efforts.

A more detail description of our performance actions relating to the UN Global Compact principles in 2019 is given in our Sustainability report, and the Bank's annual report.

Best regards

Bank Norwegian



Tine Wollebekk

CEO

Communication on Progress – Bank Norwegian

The Bank became a member of the UN Global Compact (GC) in March 2019. The Bank shall annually submit a “Communication on Progress” (CoP) in accordance to GC Active standard. The CoP is a public disclosure to stakeholders on progress made toward implementing the Ten Principles of the UN Global Compact, and shall support broader UN goals and issues. The CoP serves to enhance transparency and accountability, drive continuous performance improvement, and provide a repository of corporate practices to promote dialogue and learning.

Commitment to the UN Global Compact 10 Principles

Bank Norwegian shall adhere to the Ten Principles of the UN Global Compact and expects all business partners to do the same. The Bank remains committed to upholding the United Nations Global Compact’s Ten Principles on human rights, the environment, labour and anti-corruption. Guided by the principles we integrate sustainability in our business.

Bank Norwegian is furthermore working to support the UN Sustainable Development Goals. As part of the annual risk assessment, the Bank carried out a series of sustainability workshops to define the sustainability goals that the business has a positive and negative impact on. The Bank shall comply with and strive to positively influence the UN Sustainability Development Goals within its market area to achieve a better sustainable future.

Description of actions

Human rights

Actions the Bank has taken in the area of human rights:

- Bank Norwegian shall always act in accordance with universal human rights.
- The Bank is committed to conducting business in accordance with the highest ethical standards and in compliance with all applicable laws, rules and regulations. As such, it adheres to the Code of Conduct, which has been devised to provide directors and employees with the required information to enable a proper understanding of their ethical responsibilities and on how to always conduct business with the highest levels of integrity. As such, the Bank ensures that business operations do not violate human rights principles.
- Bank Norwegian has prepared special guidelines for corporate social responsibility. These were adopted by the Board in 2017 and have been integrated into our daily operations.
- The Bank is an equal opportunity employer and aim at minimising the risk of any form of discrimination against employees. The Bank ensures that no employee is treated differently and that opportunities for employment, training and promotion are accessible to all candidates irrespective of their status (i.e. age, colour, creed, ethnic origin, impairment, marital status, place of origin, political opinion, race, sex or sexual orientation). In addition, the Bank ensures that selection for employment, promotion, transfer and training and access to benefits, facilities and services are fair and equitable and based on merit.
- The Bank has guidelines to ensure that there is no discrimination due to gender, ethnic background or religion in cases concerning pay, promotions and recruitment.
- The Bank has established guidelines for safeguarding employee health, safety and environment.
- All employees must undergo an annual review of the Bank’s Code of Conduct.

Labour

Actions the Bank has taken in the area of labour:

- At Bank Norwegian, we see people as our most important asset. We aim to engage our employees by working with competence development, work-life balance and diversity.
- The Bank has established a culture that fosters collaboration, teamwork and individual growth.
- The Bank adheres to the Working Environment Act of Norway, and have routines for health, safety and the environment (HSE). We strive to create a safe and healthy working environment for our employees and focus on preventing work injuries.
- The Bank works towards a balanced workforce in terms of gender, age group and experience in order to tap into a wide range of knowledge, skills and specialist competencies towards achieving its business strategies.
- All employees are given the Personnel Handbook.
- Town hall meetings for all employees are available.
- The Bank offers employees flexibility in working hours, location, holidays etc.
- The Bank does not employ anyone below 18 years of age.
- Any employee can join a trade union.
- The Bank offers employee benefits such as insurance, health insurance and travel insurance for all employees.
- The Bank provides a pension scheme for all employees.
- There are workout facilities at the Bank's office.
- The Bank provides annual contribution for training related costs.
- The Bank carries out an annual appraisal dialog.
- The Bank conducts an annual HSE risk assessment and report.
- The Bank conducts employee surveys.
- Safety representatives are elected by the employees.
- The Bank places emphasis on the professional training and development of employees.
- The Bank has established routines for handling threats to employees and/or third parties.
- The Bank has established whistleblowing routines.

Environment

Actions the Bank has taken in the area of environment:

- The Bank is fully digital and exclusively offers products and services on the website and app.
- The Bank has calculated its carbon emission for 2019 at myclimate and has donated an offsetting amount for climate protection. The calculation shows that employee transportation to and from work (mobility) is the biggest contributor to the Bank's emission.
- All customers of the Bank are consumer customers and not companies. This significantly reduces the risk that the Bank finances customers who violate laws, regulations and/or local regulations in the area of environmental protection.
- The Bank's procedures and processes are largely automated with electronic documentation and communication that reduce paper consumption and transportation.
- The Bank aims for electronic invoicing for as many customers as possible and encourage all customers to select electronic invoicing solutions.
- In all marketing, the Bank uses digital channels and platforms rather than paper and posters.

- The Bank's offices are located in an energy efficient building. The process for obtaining Breeam-In-Use certification has been initiated.
- The Bank's offices are well located in relation to public transport and facilitates charging of electric cars.
- Recycling:
 - Used furniture for the office; and
 - Food and residual waste.
- Disposal of IT equipment:
 - Disposed computers are sold to Arrow which guarantees safe handling, including recycling of parts that are not sold.
 - Other IT equipment is collected in a container in the office building. Franzefoss is responsible for waste collection. Parts of the waste are recycled in new products and some components are reused in new products. Hazardous waste is finally disposed of.
- Tone at the top: top management and the Board encourage sustainability work and initiatives, and are leading by example. The Bank has established a sustainability policy that has been approved by the Board. All employees are encouraged to be aware of and contribute to the commitment to sustainability in Bank Norwegian.
- The Bank purchases server services from Basefarm and Visolit and thus uses a modern server park. The Bank expects these suppliers to adhere to the UN Global Compact's Ten Principles.
- The Bank conducts risk analyses as part of the annual internal control process to identify any new risks or weaknesses in established control measures. This includes ESG risks which the Bank identifies and assesses annually. The Bank has established a framework for identifying ESG risks.
- The Bank has, through its Contingency Plan, ensured emergency procedures to prevent and address accidents affecting the environment and human health.
- The Bank's investment mandate contains environmental requirements. The Bank makes investments that safeguard economic, environmental and social sustainability. Compliance with the requirements for responsible investments is implemented in the Bank's Market Risk Policy and thus integrated into our business. There are specific activities, companies and industries in which Bank Norwegian does not invest. Bank Norwegian does not invest in activities, companies and industries which are excluded by NBIM (Norges Bank Investment Management). The Bank's "Exclusion List" requires that companies invested in meets the Bank's criteria for human and labour rights, corruption, serious environmental damage as well as production of tobacco and controversial weapons.
- The Bank plans an initiative to encourage all shareholders to save the environment with the upcoming annual general meeting in 2020. The Bank will publish the notice for the annual general meeting with an instruction as to how shareholders can register for electronic reception of notices and other relevant information.

Anti-Corruption

Actions the Bank has taken in the area of anti-corruption:

- Business is carried out in markets with low country risk. The Corruption Perceptions Index ranks 180 countries and territories by their perceived levels of public sector corruption, according to experts and business people. According to the Corruption Perceptions Index 2019, the markets in which the Bank operates are ranked as follows:
 - Norway – 7;
 - Sweden – 4;

- Denmark – 1; and
 - Finland – 3.
- The Bank exclusively serves consumer customers.
- All customers transactions are monitored.
- All customers are screened for “Politically Exposed Persons” (PEP) and “Counter Terrorism Financing” (CTF).
- Established a risk management framework to ensure that internal procedures support the Bank’s anti-corruption commitment. This includes:
 - Code of Conduct
 - Sustainability Policy
 - Conduct Risk Policy
 - Outsourcing Policy
 - AML/CTF Policy
 - Operational Risk and Internal Control Policy
 - Compliance Policy
- An assessment of AML/CTF risk is carried out by the Bank and facilitated by the second line of defence annually. As part of the third line of defence, internal audit reviews the AML/CTF area annually. Operational incidents are reported to the Head of Risk Management and the Board of Directors. Recommendations from the Internal Audit Function are recorded and followed up by the Head of Risk Management. Status of outstanding improvement measures are reported to the management and Board of Directors.
- The Bank’s Outsourcing Policy with attached Guidelines for Planning, Entering and Managing Outsourcing Arrangements ensures that the Bank will terminate contracts with business partners that does not adhere to the UN Global Compact’s 10 Principles and other requirements from the Sustainability Policy.

Measurement of outcomes

Indicators to measure outcomes:

Labour

- Gender balance: 50% women, 50% men;
 - Management: 35% women, 62 % men
- Age spread: from 20 to 70 years:
 - 68% in the range 20 – 39 years
 - 32% in the range 40 – 70 years
 - Average age: 37 years
- Employees have diverse backgrounds, with more than 14 different nationalities represented.
- Employee Survey for 2019 with an 85% participation rate. Over 90% are looking forward to going to work every day and are satisfied with their work situation and tasks.
- Employee attendance in 2019: 98%
- Adjustable sit-stand desks at the Bank’s office.
- Fresh fruit and lunch is delivered every day.

Environment

Donation to climate protection:

Bank Norwegian has calculated and compensated for the Company's yearly CO2 footprint related to energy (power consumptions), employees' journey to and from work (mobility), business trips, board meetings, material and waste. The calculation indicate that our 87 FTE is offsetting for 179 tons CO2 with a value of EUR 4,266. The Bank's contribution to Climate Protection also includes a small donation for Climate Education.

Carbon emissions investment portfolio:

The Bank has collected data regarding carbon emissions of the investment portfolio. The portfolio mainly consists of 0% weighted assets such as central bank and government exposures, public sector entities and municipalities, as well as covered bonds and exposures to other financial institutions. The measured carbon footprint is equivalent of an average for the Nordic financial sector. The carbon footprint is measured as the number of tonnes of CO2 equivalents per million dollars in revenue. Scope 1 is direct emissions from the company's activities, while scope 2 is emissions related to goods / services used to run a company (electricity, heating, etc).

Based on the contents of the Bank's portfolios, it can be assumed that the carbon footprint of Bank Norwegians various portfolios is about the same as the average for the Nordic financial sector:

The Scope 1 average for the Nordic financial sector is 0.66 tCO2e / m USD

The Scope 2 average for the Nordic financial sector is 1.72 tCO2e / m USD

In comparison, the corresponding figures for the MSCI index are about 2000 tCO2e / m USD and for a Norwegian industrial company it will be between 500-2000 tCO2e / m USD. This shows that a portfolio of mainly securities issued by financial institutions will have a low carbon footprint.

Anti-corruption

The Bank has many credit card fraud cases, which are related to lost and stolen cards. The losses in nominal terms are low:

External fraud (million NOK)	2019		2018	
	Number	Loss*	Number	Loss*
First quarter	899	1,6	402	0,7
Secound quarter	966	2,0	765	1,8
Third quarter	1 382	2,2	957	1,6
Fourth quarter	1 082	1,7	818	1,1
Yearly total	4 329	7,5	2 942	5,2

*Foreign Exchange Rates at the end of each quarter.

Bank Norwegians card base has increased with 31% from primo 2018 until ultimo 2019. In relative terms disputes/fraud are stabile in 2018 and 2019.

Contribution to Climate Protection

07.02.2020

BANK NORWEGIAN AS

**Offsetting for 179.0 t CO₂
with a value of EUR 4,266.00**



Donation of EUR 6.00



This contribution to climate protection is having a real impact!

myclimate carbon offset projects are reducing these emissions in developing and emerging countries. The projects meet the highest standards (Gold Standard, Plan Vivo) and contribute to the UN's sustainable development goals (SDGs). myclimate projects not only reduce greenhouse gas emissions but also contribute to the social, ecological and economic development in the region.



